

Township of Goodland

Lapeer County, Michigan

Audited Financial Report
June 30, 2005

Lehn L. King

Certified Public Accountant
Marlette, Michigan

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Township of Goodland	County Lapeer
Audit Date 9/8/05	Opinion Date 9/8/05	Date Accountant Report Submitted to State: 10/19/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

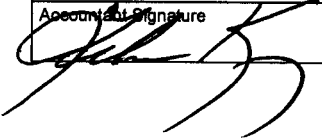
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Lehn L. King, CPA			
Street Address 3531 Main Street		City Marlette	State MI
Accountant Signature 		ZIP 48453	Date 10/19/05

Township of Goodland
Annual Financial Report
For The Fiscal Year Ended June 30, 2005

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Members of the Township Board
Goodland Township
Lapeer County, Michigan

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Goodland, Michigan as of and for the year ended June 30, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Goodland, Michigan's management. My responsibility is to express opinions on these financial statements based on my audit.

I conducted the audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that the audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Goodland, Michigan as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. I have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, I did not audit the information and express no opinion on it.

The Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Goodland, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 1, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2003.

Lehn King

Lehn L. King
Certified Public Accountant

September 8, 2005

Township of Goodland

Imlay City, Michigan

MANAGEMENT'S DISCUSSION AND ANALYSIS LETTER

Our discussion and analysis of the Township of Goodland's financial performance provides an overview of the Township's financial activities for the fiscal year ended June 30, 2005. Please read it in conjunction with the Township's financial statements.

Financial Highlights

With the end of the Township fiscal year - June 30, 2005 - a lot of activity has transpired in our 2004-2005 financial status.

The voters of the Township approved a special assessment for emergency medical services. The assessment is for five years and is not to exceed \$30.00 per improved lot. To provide these services, the Township entered into an intergovernmental agreement with the Lapeer County Emergency Medical Services (LCEMS).

The Fire Department was instrumental in obtaining a grant from OHS/FEMA for \$190,000.00 for the purchase of a new pumper/tanker truck. This grant requires a five percent match in the upcoming year.

In addition, the Township has opened a separate checking account for the payment of Fire Department bills.

During the past year, the Township Board installed QuickBooks as our accounting system. Although it has been a learning experience for all, it appears to be working very well.

Goodland Township is happy to have returned Zoning Administration back to in house, rather than through an outside contractor. It has been a challenge getting the information to the residents and working out availability, but it appears this change is positive.

There are still concerns about bonds and accounts payable, which will be addressed in the upcoming year.

Finally, the Township Board has to be very accountable for its spending, as the income values drop due to the economy and Headlee rollbacks. Roads continue to be the largest portion of Goodland Township's expenditures as there is a lot of improvement still needing to be completed.

Using this Report

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No.34. GASB Statement 34 implements a new model of financial reporting for state and local governments designed to enhance the usefulness of the Township's annual report.

Township of Goodland

Imlay City, Michigan

The Township as a Whole

The Township of Goodland's fund balances are as follows:

	<u>June 30, 2005</u>	<u>June 30, 2004</u>
General Fund	\$ 31,530	\$ 69,488
Fire Fund	<u>40,376</u>	<u>41,829</u>
Total for Township	<u><u>\$ 71,906</u></u>	<u><u>\$ 111,317</u></u>

Governmental Activities

The Township of Goodland's Revenues and Expenditures can be summarized as follows:

	<u>General Fund</u>	<u>Fire Fund</u>	<u>Totals</u>
Fund Balance - Beginning of Year	\$ 69,488	\$ 41,829	\$ 111,317
Revenue Collected			
Property Taxes	92,884	113,258	206,142
Intergovernmental Revenue	116,031	-	116,031
Charges for Services	21,815	700	22,515
Interest Earnings	957	878	1,835
Other	14,952	6	14,958
Total Revenue Collected	<u>246,639</u>	<u>114,842</u>	<u>361,481</u>
Expenditures			
General Government	187,959	-	187,959
Public Safety	24,540	61,222	85,762
Public Works	72,098	-	72,098
Capital Outlay	-	-	-
Debt Service	-	55,072	55,072
Total Expenditures	<u>284,597</u>	<u>116,294</u>	<u>400,891</u>
Fund Balance - End of Year	<u><u>\$ 31,530</u></u>	<u><u>\$ 40,377</u></u>	<u><u>\$ 71,907</u></u>

Township of Goodland

Imlay City, Michigan

Economic Factors and Next Year's Budget and Rates

The Township of Goodland's 2005/2006 adopted budget is as follows:

	<u>General Fund</u>	<u>Fire Fund</u>
Budgeted Beginning Fund Balance	\$ 34,000	\$ 25,485
Revenue		
Property Taxes / Special Assessments	\$ 99,146	\$ 114,600
Intergovernmental Revenue	119,000	-
Charges for Services	27,290	3,500
Interest Earnings	750	250
Other	28,600	-
Total Revenue Collected	<u>274,786</u>	<u>118,350</u>
Expenditures		
General Government	197,414	-
Public Safety	36,250	81,054
Public Works	73,000	-
Capital Outlay	-	-
Debt Service	-	57,781
Transfers	-	-
Total Expenditures	<u>306,664</u>	<u>138,835</u>
Net Over/Under Budget	<u>(31,878)</u>	<u>(20,485)</u>
Budgeted Ending Fund Balance	<u>\$ 2,122</u>	<u>\$ 5,000</u>

The Township of Goodland's General Fund budget for next year is approximately the same budget as a year ago.

Contacting the Township

This report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact the Township office at 2374 N. Van Dyke Road, Imlay City, Michigan or by telephone at (810) 724-0169.

Ron Cischke
Township of Goodland Supervisor

Township of Goodland

Statement of Net Assets (Deficit)

June 30, 2005

	<u>Primary Government Governmental Activities</u>
<u>Assets</u>	
Cash & Cash Equivalents	\$ 78,621.44
Accounts Receivable	17,621.00
Due From Others	1,520.00
Net Due From Other Funds	12,823.72
Capital Assets (Net of Accumulated Depreciation)	<u>453,356.97</u>
 Total Assets	 563,943.13
<u>Liabilities</u>	
Accounts Payable	\$ 14,070.24
Accrued Payroll Taxes	2,610.24
Inspection Fees Payable	22,000.00
Current Portion of Long-Term Debt	42,629.00
Noncurrent Liabilities:	
Long-Term Debt	<u>163,681.34</u>
 Total Liabilities	 <u>244,990.82</u>
 Net Assets (Deficit)	
Invested in Capital Assets - Net of Related Debt	247,046.63
Unrestricted	<u>71,905.68</u>
 Total Net Assets (Deficit)	 <u>\$ 318,952.31</u>

The notes are an integral part of the statements.

Township of Goodland

Statement of Activities

For the Year Ended June 30, 2005

Functions/Programs	Program Revenues			Net (Expense) Revenue & Changes in Net Assets	
	Expenses	Charges for Services	Operating Grants & Contributions	Primary Government	
				Governmental Activities	
Primary Government:					
Governmental Activities:					
General Government	\$ 191,430.99	\$ 4,840.00	\$ -	\$ (186,590.99)	
Public Safety	111,644.15	17,675.49	-	(93,968.66)	
Public Works	72,098.49	-	-	(72,098.49)	
Interest on Long-Term Debt	8,541.45	-	-	(8,541.45)	
Total Governmental Activities	\$ 383,715.08	\$ 22,515.49	\$ -	(361,199.59)	
General Revenues:					
Property Taxes				\$ 206,142.15	
State Shared Revenues				116,031.00	
Interest				1,834.10	
Other Revenues				14,957.90	
Transfers				-	
Total General Revenues, Special Items & Transfers				338,965.15	
Change in Net Assets				(22,234.44)	
Net Assets (Deficit) - Beginning of Year				341,186.75	
Net Assets (Deficit) - End of Year				\$ 318,952.31	

The notes are an integral part of the statements.

Township of Goodland

Governmental Funds

Balance Sheet

June 30, 2005

	<u>General Fund</u>	<u>Major Special Revenue Fund Fire Fund</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash & Certificates of Deposit	\$ 51,354.48	\$ 27,266.96	\$ 78,621.44
Accounts Receivable	17,621.00	-	17,621.00
Due From Others	1,520.00	-	1,520.00
Due From Other Funds	<u>12,823.73</u>	<u>13,291.20</u>	<u>26,114.93</u>
<u>Total Assets</u>	<u>\$ 83,319.21</u>	<u>\$ 40,558.16</u>	<u>\$ 123,877.37</u>
<u>Liabilities & Fund Equity</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 14,070.24	\$ -	\$ 14,070.24
Accrued Payroll Taxes	2,428.24	182.00	2,610.24
Inspection Fees Payable	22,000.00	-	22,000.00
Due To Other Funds	<u>13,291.21</u>	<u>-</u>	<u>13,291.21</u>
<u>Total Liabilities</u>	<u>51,789.69</u>	<u>182.00</u>	<u>51,971.69</u>
<u>Fund Equity</u>			
Fund Balances			
- Unreserved & Undesignated	<u>31,529.52</u>	<u>40,376.16</u>	<u>71,905.68</u>
<u>Total Fund Balances</u>	<u>31,529.52</u>	<u>40,376.16</u>	<u>71,905.68</u>
<u>Total Liabilities & Fund Equity</u>	<u>\$ 83,319.21</u>	<u>\$ 40,558.16</u>	<u>\$ 123,877.37</u>

The notes are an integral part of the statements.

Township of Goodland
Governmental Funds
Reconciliation of Fund Balances to the
Statement of Net Assets (Deficit)
For The Year Ended June 30, 2005

Total Fund Balances for Governmental Funds	\$ 71,905.68
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Amounts reported for Governmental Activities in the Statement of
Net Assets (Deficit) are different because:

Capital Assets used in Governmental Activities are not Financial Resources and are not reported in the Funds	453,356.97
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Long-Term Bonds Payable are not due and payable in the current period and are not reported in the Funds	<u>(206,310.34)</u>
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Net Assets of Governmental Activities	<u>\$ 318,952.31</u>
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The notes are an integral part of the statements.

Township of Goodland
Governmental Funds
Statement of Revenues, Expenditures, And Changes
in Fund Balances
For The Year Ended June 30, 2005

		Major Special Revenue Fund	
	General Fund	Fire Fund	Total Governmental Funds
<u>Revenues</u>			
Property Taxes	\$ 92,884.15	\$ 113,258.00	\$ 206,142.15
State Shared Revenue	116,031.00	-	116,031.00
Charges for Services	4,840.00	700.00	5,540.00
Licenses, Fees & Permits	16,975.49	-	16,975.49
Interest Earnings	956.57	877.53	1,834.10
Other Revenues	14,951.90	6.00	14,957.90
<u>Total Revenues</u>	<u>246,639.11</u>	<u>114,841.53</u>	<u>361,480.64</u>
<u>Expenditures</u>			
General Government	187,958.99	-	187,958.99
Public Safety	24,540.04	61,222.11	85,762.15
Publics Works	72,098.49	-	72,098.49
Capital Outlay	-	-	-
Debt Service - Principal	-	46,530.66	46,530.66
Debt Service - Interest	-	8,541.45	8,541.45
<u>Total Expenditures</u>	<u>284,597.52</u>	<u>116,294.22</u>	<u>400,891.74</u>
Excess of Revenues Over (Under) Expenditures	(37,958.41)	(1,452.69)	(39,411.10)
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In (Out)	-	-	-
Net Change in Fund Balances	(37,958.41)	(1,452.69)	(39,411.10)
<u>Fund Balances - Beginning of Year</u>	<u>69,487.93</u>	<u>41,828.85</u>	<u>111,316.78</u>
<u>Fund Balances - End of Year</u>	<u>\$ 31,529.52</u>	<u>\$ 40,376.16</u>	<u>\$ 71,905.68</u>

The notes are an integral part of the statements.

Township of Goodland
Governmental Funds
Reconciliation of Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For The Year Ended June 30, 2005

Net Change in Fund Balances - Total Governmental Funds **\$ (39,411.10)**

Amounts reported for Governmental Activities in the Statement of
Activities are different because:

Governmental Funds report Capital Outlays as Expenditures;
in the Statement of Activities, these costs are capitalized and
allocated over their estimated useful lives as Depreciation -

Repayment of Bond Principal is and Expenditure in the Governmental
Funds, but not in the Statement of Activities (where it
reduces Long-Term Debt) 46,530.66

Interest Expense is reported in the Statement of Activities
when a Liability is incurred; they are reported in the
Governmental Funds only when payment is due -

Depreciation is an Expenditures for the Statement of
Activities, but is not reported in the Governmental Funds (29,354.00)

Net Assets of Governmental Activities **\$ (22,234.44)**

The notes are an integral part of the statements.

Township of Goodland

Statement of Net Assets (Deficit)

Fiduciary Funds

June 30, 2005

	Fiduciary Fund Types		
	Agency Funds		
	Trust And Agency	Current Tax Collection Fund	Totals June 30, 2005
<u>Assets</u>			
Cash - Savings & Certificates	\$ 52,730.47	\$ 16,006.43	\$ 68,736.90
<u>Total Assets</u>	<u>\$ 52,730.47</u>	<u>\$ 16,006.43</u>	<u>\$ 68,736.90</u>
<u>Liabilities & Fund Balance</u>			
<u>Liabilities</u>			
Due To General Fund	\$ -	\$ 12,823.73	\$ 12,823.73
Due To Fire Fund	-	-	-
Due To Others	52,730.47	3,182.70	55,913.17
<u>Total Liabilities</u>	<u>52,730.47</u>	<u>16,006.43</u>	<u>68,736.90</u>
<u>Fund Balances</u>			
<u>Total Fund Balances</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Total Liabilities & Fund Balances</u>	<u>\$ 52,730.47</u>	<u>\$ 16,006.43</u>	<u>\$ 68,736.90</u>

The notes are an integral part of the statements.

Township of Goodland

Notes to the Financial Statements
For The Year Ended June 30, 2005

The accounting methods and procedures adopted by the Township of Goodland, Lapeer County, Michigan, conform to generally accepted accounting principles as applied to governmental entities. The following notes to the financial statements are an integral part of the Townships Comprehensive Annual Financial Report.

1. Summary of Significant Accounting Policies

Financial Reporting Entity

The Township of Goodland was incorporated under the laws of the State of Michigan and operates as a General Law Township, with a Township Board form of government. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township of Goodland (the primary government) and its component units. The component units discussed below are included in the Township reporting entity because of the significance of their operational or financial relationships with the Township.

Component Units - In accordance with generally accepted accounting principles, there are no component units of Government required to be included in the Financial Reporting Entity either as blended component units or discretely presented component units.

Government-wide and Fund Statements Fund

The Government-wide Financial Statements (i.e., the Statement of Net Assets (Deficit) and the Statement of Activities) report information on all the nonfiduciary activities of the Township (the primary government). The effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function (governmental activities) or identifiable activity (business-type activities) are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or activity. Program revenues include: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or activity; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other revenue items properly excluded from program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, and Fiduciary Funds, even though the latter are excluded from the Government-wide Financial Statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

The Township reports the following major governmental funds:

General Fund - The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Fire Fund - The fund provides for the public safety service of fire rescue. Funding is provided primarily from a fire assessment on the tax roll and charges for fire runs.

Additionally, the Township reports the following fund types:

Trust & Agency Funds - The Trust & Agency Fund accounts for assets held by the Township in a trustee capacity or as an agent for individuals, organizations, or other governments.

Current Tax Collection Fund - The fund accounts for the collection and disbursement of taxes.

Township of Goodland

Notes to the Financial Statements
For The Year Ended June 30, 2005

Measurement Focus and Basis of Accounting

The Government-wide Financial Statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental Fund Financial Statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period, generally collected within 60 days of the end of the current fiscal period. Revenues susceptible to accrual include property taxes, intergovernmental revenues, special assessments, licenses, charges for services, and interest. All other revenue items are considered to be available only when cash is received by the Township. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, and claims and judgments are recorded only when payment is due.

Cash - The Township does not pool cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Township's investments.

Investments - Debt securities are valued at cost since it is generally the policy of the Township to hold such investments until they mature.

Due to and Due from Other Funds - Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Property Tax Revenues - Property taxes are levied on December 1 based on the assessed value of property as listed on the previous December 31. Assessed values are an approximation of market value. A revaluation of all real property must be made every year.

Vacation, Sick Leave, & Other Compensated Absences - The Township does not have any contracts or agreements with its employees or elected officials which require the payment of compensation during absence from duty nor do any such benefits vest to the right of the employee or elected official.

Inventories and Prepaid Items - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both Government-wide and Fund Financial Statements.

Capital Assets - Capital assets, which include buildings and equipment, are reported in the applicable governmental column in the Government-wide Financial Statements. Capital assets are defined by the Township as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings & Building Improvements	20 to 50 years
Machinery & Equipment	5 to 25 years

Township of Goodland

Notes to the Financial Statements
For The Year Ended June 30, 2005

Long-Term Obligations - In the Government-wide Financial Statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund statement of net assets. Bond premiums and discounts, issuance costs, and the deferred amount on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and deferred amount on refunding. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Accounting Changes

GASB Statement No. 34 - Effective July 1, 2003, the Township implemented the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34). Changes to the Township's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the Township's overall financial position and results of operations has been included.
- Government-wide Financial Statements (statement of net assets (deficit) and statement of activities) prepared using full accrual accounting for all of the Township's activities have been provided.
- Capital assets in the governmental activities column of the statement of net assets (deficit) includes assets not previously accounted for by the Township. In addition, the governmental activities column includes bonds and other long-term obligations previously reported in the General Long-term Debt Account Group.
- The fund financial statements focus on major funds rather than fund types.

Township of Goodland

Notes to the Financial Statements
For The Year Ended June 30, 2005

2. Stewardship, Compliance, and Accountability

Budgetary Information

The Township is legally subject to the budgetary control requirements of State of Michigan P.A. 621 of 1978 (the Uniform Budgeting Act). The following statements represent a brief synopsis of the major provisions of this Act:

1. Budgets must be adopted for the General Fund and Special Revenue Funds.
2. The budgets must be balanced. The balanced budget may include a contribution to or appropriation from fund balance.
3. The budgets must be amended when necessary.
4. Debt cannot be entered into unless permitted by law.
5. Expenditures cannot exceed budget appropriations.
6. Expenditures cannot be made unless authorized in the budget.
7. Public hearings must be held before budget adoptions.

In the body of the financial statements, the Township actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The budget is used by the Township Board as a management tool during the year for all budgetary funds. The budgets are adopted on a cash basis, which is not consistent with generally accepted accounting principles. Budgetary control is exercised at the departmental level. Budgets for the General Fund and the Special Revenue Funds are presented in the required supplemental information.

During the year ended June 30, 2005, the Township incurred expenditures in certain budgetary funds which were in excess of the amounts appropriated, as follows:

	<u>Total Appropriations</u>	<u>Amount of Expenditures</u>	<u>Budget Variance</u>
General Fund			
Assessor	\$ 11,760	\$ 12,187	\$ 427
Clerk	23,810	23,822	12
Treasurer	23,020	23,405	385
Twp Payroll Taxes & Pension	12,043	12,977	934
Public Safety	24,250	24,540	290
Fire Fund			
Salaries, Wages, & Payroll Taxes	\$ 10,765	\$ 12,495	\$ 1,730

Township of Goodland

Notes to the Financial Statements
For The Year Ended June 30, 2005

3. Cash and Investments

Michigan Compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Fiduciary - Trust & Agency Funds	Total Primary Government
Cash & Cash Equivalents	\$ 78,621	\$ 64,072	\$ 142,693

The Township's deposits are in accordance with statutory authority. As of June 30, 2005, the balance sheet carrying amount of cash deposits was \$142,693. The bank balance as of June 30, 2005, was \$142,693, of which \$108,065 was covered by FDIC insurance.

All cash deposits and investments of the Township are held by the Township in the Township's name.

The GASB Statement 3 risk disclosures for the Local Unit's investments are as follows:

Investment Type	(1)	(2)	(3)	Carrying Amount	Market Value
Risk Categorized					
Operating Funds					
US Treasury Bonds	-	-	-	-	-
Investment in Deferred					
Compensation Plans	-	\$ 36,143	-	\$ 36,143	\$ 36,143
Total Risk-Categorized					
Investments	-	\$ 36,143	-	\$ 36,143	\$ 36,143

The cash and investments that are represented by specific identifiable investment securities are classified as to credit risk by the three categories described below:

Category 1	Insured or registered, or securities held by the Township or its agent in the Township's name.
Category 2	Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the Township's name.
Category 3	Uninsured and unregistered, with securities held by the counterparty, or by its trust department or agent but not in the Township's name.

Township of Goodland
Notes to the Financial Statements
For The Year Ended June 30, 2005

4. Property Taxes

The Township is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes become a lien on the first day of December of the levy year and might be paid by the following February 14.

Property taxes are recognized in compliance with NCGAI-3 which states that such revenue is recorded when it becomes measurable and available.

The Township levied the following taxes:

General Government Services 1.4915 mills

Township Fire Protection: Special Assessment per parcel

\$105 Improved Parcels
\$50 Vacant Parcels
\$15 Forest Reserve

5. Interfund Receivables, Payables, & Transfers

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Due from other funds" or "Due to other funds" on the balance sheet. The amounts of interfund receivables and payables are as follows:

	<u>Due From Other Funds</u>		<u>Due To Other Funds</u>
General Fund	\$ 12,824	Tax Collection Fund	\$ 12,824
Fire Fund	<u>13,291</u>	General Fund	<u>13,291</u>
Total	<u>\$ 26,115</u>		<u>\$ 26,115</u>

Interfund Transfers reported in the Fund Statements are as follows:

NONE

Township of Goodland

Notes to the Financial Statements
For The Year Ended June 30, 2005

6. Capital Assets

Capital assets activity of the Township's governmental activities was as follows:

	Balance July 1, 2004	Additions	Disposals & Adjustments	Balance June 30, 2005
Governmental Activities:				
Capital Assets Not Being Depreciated	\$ 19,065	\$ -	\$ -	\$ 19,065
Capital Assets Being Depreciated:				
Township Hall	\$ 51,762	\$ -	\$ -	\$ 51,762
Fire Hall	306,793	-	-	306,793
Fire Equipment	276,805	-	-	276,805
Office Equipment	28,468	-	-	28,468
Subtotal	663,828	-	-	663,828
Accumulated Depreciation:				
Fire Department	172,246	25,882	-	198,128
General Government	27,936	3,472	-	31,408
Subtotal	200,182	29,354	-	229,536
Net Capital Assets	<u>\$ 482,711</u>	<u>\$ (29,354)</u>	<u>\$ -</u>	<u>\$ 453,357</u>

Depreciation expense was charged to programs of the primary government as follows:

Governmental Activities:	
General Government	\$ 3,472
Public Safety	25,882
Total Governmental Activities	<u>\$ 29,354</u>

Township of Goodland
Notes to the Financial Statements
For The Year Ended June 30, 2005

7. Long -Term Debt

The following is a summary of the debt outstanding of the Township as of June 30, 2005:

	<u>Interest Rate Ranges</u>	<u>Principal Maturity Ranges</u>	<u>Beginning Balance</u>	<u>Additions (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Installment Contract - LCEMS - Buy-In						
Original Issue - \$57,091						
Maturing through 2009	0.00%	\$2,855	\$ 57,091	\$ (5,709)	\$ 51,382	\$ 11,418
Installment Contract Payable - Emergency One Pumper						
Original Issue - \$148,146						
Maturing through 2009	5.19%	\$19,363	83,393	(15,035)	68,358	15,815
Installment Contract Payable - Fire Hall Addition						
Original Issue - \$161,575						
Maturing through 2011	3.75%	\$19,201	112,357	(25,787)	86,570	15,396
Total Governmental Activities			<u>\$ 252,841</u>	<u>\$ (46,531)</u>	<u>\$ 206,310</u>	<u>\$ 42,629</u>

Annual debt service requirements to maturity for the above governmental bond and contract obligations are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 43,350	\$ 6,794	\$ 50,144
2007	44,773	5,371	50,144
2008	46,261	3,883	50,144
2009	47,818	2,326	50,144
2010	29,816	698	30,514
Total	<u>\$ 212,018</u>	<u>\$ 19,072</u>	<u>\$ 231,090</u>

8. Pension Plan

The Township Pension Plan is funded through Manufacturer's Life initially effective August 1, 1969. This pension is a defined contribution plan funded by the Township. It is available to all full-time employees and is vested 100% upon participation. For the year ended June 30, 2005 the cost to the Township was \$6,521.

9. Deficit Fund Balance or Retained Earnings Balances of Individual Funds

None

10. Comparative Data

Comparative total data for the prior year has not been presented.

Township of Goodland
Notes to the Financial Statements
For The Year Ended June 30, 2005

11. Post Employment Benefits

The Township does not provide any post employment benefits other than pension benefits through Manulife Financial.

12. Long-Term Note Receivable

When the Goodland Township Library building was moved, the Lapeer District Library agreed to reimburse Goodland Township for renovation expenses in the amount of \$15,000 and in addition, committed to a fifteen (15) year lease of \$15,000. The term of this lease is for a period of ten (10) years commencing April 1, 2003, and ending March 31, 2013. The lease of \$15,000, was paid in full upon execution of the lease. The reimbursement for the \$15,000, is to be paid off by grants, fundraisers, and contributions raised by the Library.

Original Amount due from the Library	\$15,000
Amount received from Library to-date	<u>(\$7,336)</u>
Amount To Be Collected as of June 30, 2005	<u>\$7,664</u>

13. Risk Management

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries, as well as medical and workman's compensation benefits provided to employees. The Township has purchased commercial insurance for the various risks of loss stated above.

Settled claims for the commercial insurance have not exceeded the amount of coverage in any of the past three years. There was no reduction in coverage's obtained through commercial insurance during the past year.

Required Supplemental Information

Township of Goodland
 Budgetary Comparison Schedule
 General Fund
 For The Year Ended June 30, 2005

	General Fund			Variance with
	Original Budget	Amended Budget	Actual	Amended Budget
Revenues				
Property Taxes	\$ 81,617.00	\$ 81,617.00	\$ 77,984.07	\$ (3,632.93)
Collection Fees	13,070.00	13,070.00	14,900.08	1,830.08
Licenses, Fees & Permits	17,990.00	17,990.00	16,975.49	(1,014.51)
State Shared Revenue	118,326.00	118,326.00	116,031.00	(2,295.00)
Interest Earnings	750.00	750.00	956.57	206.57
Cemetery Income	4,000.00	4,000.00	4,840.00	840.00
Library Lease	5,000.00	5,000.00	-	(5,000.00)
Other Revenue	9,100.00	9,100.00	14,951.90	5,851.90
<u>Total Revenues</u>	<u>249,853.00</u>	<u>249,853.00</u>	<u>246,639.11</u>	<u>(3,213.89)</u>
Expenditures				
Legislative				
Township Board	48,320.00	48,320.00	47,025.94	1,294.06
General Government				
Supervisor	9,070.00	9,400.00	8,870.24	529.76
Elections	6,050.00	5,050.00	4,869.42	180.58
Assessor	12,760.00	11,760.00	12,186.59	(426.59)
Clerk	23,810.00	23,810.00	23,822.39	(12.39)
Board of Review	1,800.00	1,300.00	1,270.95	29.05
Treasurer	25,020.00	23,020.00	23,405.32	(385.32)
Building & Grounds	14,225.00	14,225.00	13,355.25	869.75
Cemetery	8,300.00	8,300.00	6,956.96	1,343.04
Township Payroll Taxes & Pension	13,698.00	12,043.00	12,976.77	(933.77)
Township Hall Rent	35,000.00	35,000.00	33,219.16	1,780.84
<u>Total General Government</u>	<u>198,053.00</u>	<u>192,228.00</u>	<u>187,958.99</u>	<u>4,269.01</u>
Public Works	62,000.00	74,000.00	72,098.49	1,901.51
Public Safety	22,375.00	24,250.00	24,540.04	(290.04)
Capital Outlay	-	-	-	-
<u>Total Expenditures</u>	<u>282,428.00</u>	<u>290,478.00</u>	<u>284,597.52</u>	<u>5,880.48</u>
Excess of Revenues Over (Under) Expenditures	(32,575.00)	(40,625.00)	(37,958.41)	2,666.59
Other Financing Sources (Uses)				
Operating Transfers In (Out)	-	-	-	-
Excess of Revenues & Operating Transfers In Over (Under) Expenditures & Operating Transfers Out	(32,575.00)	(40,625.00)	(37,958.41)	2,666.59
Fund Balance - Beginning of Year	40,100.00	40,100.00	69,487.93	29,387.93
Fund Balance - End of Year	\$ 7,525.00	\$ (525.00)	\$ 31,529.52	\$ 32,054.52

Township of Goodland

Budgetary Comparison Schedule

Fire Fund

For The Year Ended June 30, 2005

	<u>Fire Fund</u>			
	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance with Amended Budget</u>
<u>Revenues</u>				
Fire Assessments	\$ 113,200.00	\$ 113,200.00	\$ 113,258.00	\$ 58.00
Charges for Service	5,000.00	5,000.00	700.00	(4,300.00)
Grant Proceeds	-	-	-	-
Interest	250.00	250.00	877.53	627.53
Other Revenues	-	-	6.00	6.00
<u>Total Revenues</u>	<u>118,450.00</u>	<u>118,450.00</u>	<u>114,841.53</u>	<u>(3,608.47)</u>
<u>Expenditures</u>				
Salaries, Wages & Payroll Taxes	10,765.00	10,765.00	12,494.61	(1,729.61)
Building Maintenance & Administration	34,200.00	38,346.00	35,819.27	2,526.73
Operating Supplies	14,100.00	15,860.90	2,504.23	13,356.67
LCEMS Assessment	10,404.00	10,404.00	10,404.00	-
Capital Outlay	25,500.00	25,500.00	-	25,500.00
Debt Service - LCEMS	13,298.20	5,709.00	5,709.10	(0.10)
Debt Service - Principal	49,363.00	40,822.00	40,821.56	0.44
Debt Service - Interest	-	8,541.00	8,541.45	(0.45)
<u>Total Expenditures</u>	<u>157,630.20</u>	<u>155,947.90</u>	<u>116,294.22</u>	<u>39,653.68</u>
<u>Excess of Revenues Over (Under) Expenditures</u>	(39,180.20)	(37,497.90)	(1,452.69)	36,045.21
<u>Other Financing Sources</u>				
Operating Transfers In (Out)	-	-	-	-
<u>Excess of Revenues & Other Sources Over (Under) Expenditures & Other Uses</u>	(39,180.20)	(37,497.90)	(1,452.69)	36,045.21
<u>Fund Balances - Beginning of Year</u>	41,829.00	41,829.00	41,828.85	(0.15)
<u>Fund Balances - End of Year</u>	<u>\$ 2,648.80</u>	<u>\$ 4,331.10</u>	<u>\$ 40,376.16</u>	<u>\$ 36,045.06</u>

Other Supplemental Information

Township of Goodland
Other Supplemental Information
Schedule of Indebtedness
June 30, 2005

Installment Contract Payable - Lapeer County E.M.S. Buy-In
Four Equal Installments of \$2,854.55 Due Quarterly

Dated: March 1, 2005
Original Issue: \$57,091

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Annual Interest Payable
		2005	2004	
0.00%	6/30/2005	\$ -	\$ -	\$ -
0.00%	6/30/2006	11,418	-	-
0.00%	6/30/2007	11,418	-	-
0.00%	6/30/2008	11,418	-	-
0.00%	6/30/2009	11,418	-	-
0.00%	6/30/2010	11,419	-	-
<u>Total Installment Contract Payable</u>		<u>\$ 57,091</u>	<u>\$ -</u>	<u>\$ -</u>

Installment Contract Payable - Emergency One Pumper

Dated: 2000
Original Issue: \$148,146

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Annual Interest Payable
		2005	2004	
5.19%	6/30/2005	\$ -	\$ 15,035	\$ -
5.19%	6/30/2006	15,815	15,815	3,548
5.19%	6/30/2007	16,636	16,636	2,727
5.19%	6/30/2008	17,499	17,499	1,864
5.19%	6/30/2009	18,408	18,408	955
<u>Total Installment Contract Payable</u>		<u>\$ 68,358</u>	<u>\$ 83,393</u>	<u>\$ 9,094</u>

Installment Contract Payable - Fire Hall Addition

Dated: April 1, 2002
Original Issue: \$148,146

Interest Rate	Date of Maturity	Principal Outstanding June 30,		Annual Interest Payable
		2005	2004	
3.75%	6/30/2005	\$ -	\$ 25,787	\$ -
3.75%	6/30/2006	16,117	16,117	3,246
3.75%	6/30/2007	16,719	16,719	2,644
3.75%	6/30/2008	17,344	17,344	2,019
3.75%	6/30/2009	17,992	17,992	1,371
3.75%	6/30/2010	18,398	18,398	698
<u>Total Installment Contract Payable</u>		<u>\$ 86,570</u>	<u>\$ 112,357</u>	<u>\$ 9,978</u>
Total Contracts Payable		<u><u>\$ 212,019</u></u>	<u><u>\$ 195,750</u></u>	<u><u>\$ 19,072</u></u>

LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

Phone 989-635-3113
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3531 MAIN STREET
MARLETTE, MICHIGAN 48453

**Report on Compliance and on Internal Control over Financial
Reporting Based on an Audit of Financial Statements Performed
In Accordance with *Government Auditing Standards***

To the Township Board
Township of Goodland
Imlay City, Michigan 48444

I have audited the general purpose financial statements of the Township of Goodland, Michigan, as of and for the year ended June 30, 2005, and have issued my report thereon dated September 8, 2005. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Township of Goodland, Michigan's general purpose financial statements are free of material misstatements, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of our tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing my audit, I considered the Township of Goodland, Michigan's internal control over financial reporting in order to determine my auditing procedures for the purpose of expressing my opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. My consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. I noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the management and the Township Board and Federal and State agencies and is not intended to be an should not be used by anyone other than these specified parties.

Lehn King

Lehn L. King

Certified Public Accountant

September 8, 2005

LEHN L. KING

CERTIFIED PUBLIC ACCOUNTANT

Phone 989-635-3113
Fax 989-635-5580

3531 MAIN STREET
MARLETTE, MICHIGAN 48453

September 8, 2005

Members of the Township Board
Goodland Township
Lapeer County, Michigan

Board Members:

In accordance with your request, I have made an examination of the financial statements of Goodland Township for the fiscal year ended June 30, 2005. During the course of my examination, the following items came to my attention:

1. It is my recommendation that a new set of accounts be opened in QuickBooks to account for the Trust and Agency activity. This will allow for the clerk to account for the bank balances and the liabilities of the Trust and Agency on an ongoing basis.
2. The minutes of the Township are a permanent record of the Township. When the final copy of the minutes is approved by the Board, the word "Draft" should not appear across the page and the final minutes should be signed by the clerk.
3. All paid bills must be approved for payment in the Minutes. Thus, a person should be able to trace paid bills to the Minutes. To do this, the bills should be listed in the Minutes or identified in such a manner as, "Paid bills in the amount of \$(Amount) from Check # _____ to Check # _____."
4. The bond reclamation for the gravel operations, the payoff from Lapeer District Library, and inspection fees collected in advance need to be accounted for contemporaneously. We should have an accounting of these items on an ongoing basis.

I thank the Township officials for the cooperation I received in the completion of this examination.

Should you have any questions in connection with the above, please contact me at your convenience.

Sincerely,

Lehn King

Lehn L. King
Certified Public Accountant